

Senate Study Bill 1204 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON DAWSON)

A BILL FOR

1 An Act exempting certain leases or rentals between affiliates
2 from the sales and use tax and from the fee for new vehicle
3 registration, and including effective date and retroactive
4 applicability provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 321.105A, subsection 3, paragraph f,
2 Code 2023, is amended by adding the following new subparagraph:

3 NEW SUBPARAGRAPH. (3) (a) A vehicle leased between
4 affiliates, when the lessor has paid the fee imposed in
5 subsection 2 on the leased vehicle prior to the lease.

6 (b) For purposes of this subparagraph:

7 (i) "*Affiliate*" means an entity that directly or indirectly
8 controls, is controlled with or by, or is under common control
9 with another entity.

10 (ii) "*Control*" or "*controlled*" means any of the following:

11 (A) In the case of a United States corporation, the
12 ownership, directly or indirectly, of fifty percent or more of
13 the voting power to elect directors.

14 (B) In the case of a foreign corporation, if the voting
15 power to elect the directors is less than fifty percent, the
16 maximum amount allowed by applicable law.

17 (C) In the case of an entity other than a corporation, fifty
18 percent or more ownership interest in the entity, or the power
19 to direct the management of the entity.

20 Sec. 2. Section 423.3, Code 2023, is amended by adding the
21 following new subsection:

22 NEW SUBSECTION. 110. a. The sales price on the lease
23 or rental of personal property between affiliates when the
24 affiliate has paid a tax on the sales price imposed under this
25 subchapter, a use tax imposed under subchapter III, or a fee
26 imposed under section 321.105A on the personal property leased
27 or rented prior to such lease or rental.

28 b. For purposes of this subsection:

29 (1) "*Affiliate*" means an entity that directly or indirectly
30 controls, is controlled with or by, or is under common control
31 with another entity.

32 (2) "*Control*" or "*controlled*" means any of the following:

33 (a) In the case of a United States corporation, the
34 ownership, directly or indirectly, of fifty percent or more of
35 the voting power to elect directors.

1 (b) In the case of a foreign corporation, if the voting
2 power to elect the directors is less than fifty percent, the
3 maximum amount allowed by applicable law.

4 (c) In the case of an entity other than a corporation, fifty
5 percent or more ownership interest in the entity, or the power
6 to direct the management of the entity.

7 Sec. 3. REFUNDS. Refunds of taxes, interest, or penalties
8 which arise from the enactment of this Act, for leases or
9 rentals occurring between January 1, 2015, and the effective
10 date of this Act, shall be limited to fifteen thousand dollars
11 in the aggregate for any calendar year in which claims are
12 eligible for a refund and shall not be allowed unless refund
13 claims are filed by October 1, 2023, notwithstanding any other
14 law to the contrary. If the amount of claims totals more than
15 fifteen thousand dollars in the aggregate for any calendar
16 year in which claims are eligible for a refund, the department
17 of revenue shall prorate the fifteen thousand dollars in the
18 aggregate among all the claimants for that particular calendar
19 year in relation to the amounts of the claimants' valid claims.

20 Sec. 4. EFFECTIVE DATE. This Act, being deemed of immediate
21 importance, takes effect upon enactment.

22 Sec. 5. RETROACTIVE APPLICABILITY. This Act applies
23 retroactively to January 1, 2015, for leases or rentals
24 occurring on or after that date.

25 EXPLANATION

26 The inclusion of this explanation does not constitute agreement with
27 the explanation's substance by the members of the general assembly.

28 This bill exempts certain leases or rentals between
29 affiliates from the sales and use tax and from the fee for new
30 vehicle registration.

31 The bill exempts from the fee for new registration under Code
32 section 321.105A(3)(a) a vehicle leased between affiliates,
33 when the fee for new registration imposed under Code section
34 321.105A(2) has been paid by the lessor prior to the lease.

35 The bill exempts from the sales and use tax the lease or

1 rental of personal property between affiliates when a sales
2 tax, use tax, or fee for new registration for a vehicle has
3 been paid by an affiliate on the personal property leased or
4 rented prior to such lease or rental.

5 The bill requires refunds of taxes, interest, or penalties
6 arising from claims resulting from the enactment of the bill
7 for leases or rentals occurring between January 1, 2015, and
8 the effective date of the bill to be filed prior to October
9 1, 2023. Refunds of taxes, interest, or penalties shall not
10 exceed \$15,000 in the aggregate in any calendar year in which
11 claims are eligible for a refund. If the amount of claims
12 totals more than \$15,000 in the aggregate for any calendar year
13 in which claims are eligible for a refund, the department of
14 revenue shall prorate the \$15,000 in the aggregate among all
15 the claimants for that particular calendar year.

16 The bill defines "affiliate" to mean an entity that directly
17 or indirectly controls, is controlled with or by, or is under
18 common control with another entity.

19 The bill defines "control" in most instances to mean the
20 ownership, directly or indirectly, of 50 percent or more of the
21 voting power to elect directors.

22 The bill takes effect upon enactment and applies
23 retroactively to January 1, 2015, for leases or rentals
24 occurring on or after that date.